



EX PARTE OR LATE FILED

ARTS & ENTERTAINMENT NETWORK

MARY ANN ZIMMER
Vice President Legal & Business Affairs

DOCKET FILE COPY ORIGINAL

July 29, 1994

RECEIVED
AUG 11 A 1994
FCC MAIL ROOM

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: ORAL PRESENTATION -- MM DOCKET 92-266

Dear Mr. Caton:

The attached letters summarize oral presentations made in the above-referenced docket to Chairman Reed Hundt and his Special Assistant Merrill S. Spiegel; Commissioner Susan Ness and her Legal Advisor Mary P. McManus; Jill Lockett, Special Advisor to Commissioner Rachelle B. Chong; and Kathleen Wallman, Deputy Chief of the Cable Services Bureau.

Two copies of each letter are being submitted pursuant to Section 1.1206 (a)(2) of the Commission's rules.

Very truly yours,

M. Zimmer

Attachments

No. of Copies rec'd 015
List ABCDE



EX PARTE OR LATE FILED

ARTS & ENTERTAINMENT NETWORK

July 29, 1994

NICKOLAS DAVATZES
President & CEO

Honorable Reed Hundt
Chairman, Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

RECEIVED
AUG 10 1994
FCC MAIL ROOM

Dear Reed:

Thank you for once again taking the time to hear my views about the cable regulations. Your willingness to enter into dialogue is very much appreciated. I am still working on the homework assignment you gave me, and will get back to you in the next few weeks.

I would like to reiterate some of the points we discussed. In my view, the points raised in the NCTA proposal should be force ranked as follows, in order to avoid chaos in the industry and confusion for consumers.

1. Operators should be permitted to maintain à la carte tiers created prior to June 1, 1994, which include no more than 4 services migrated from regulated tiers.
2. New services should be permitted to be offered as part of a package, with a significant volume discount.
3. There should be a 25-cent flat fee for new services on regulated tiers.
4. Regarding migration, it does not serve consumers or the industry if all services of value are removed from regulated tiers, but we do support the NCTA position that four channels may be migrated to à la carte tiers.

I cannot be strong enough in my recommendation that packaging with discounting be allowed for new services. The concept of packaging is consistent with the Act, good for the consumer and essential for the viability of new services. The entire economic structure of the business is based upon the knowledge, gained from both research and experience, that consumers prefer cable offerings in packages. This does not preclude legitimate à la carte offerings. But given the choice, the reality is that an extremely high percentage of consumers will choose to select packages over individual services. Simply by making à la carte channels available in packages and giving consumers an additional service choice and a discount should not subject such packages to regulation.

You asked whether I would be willing to abandon the proposals made by A&E in the Comments that we and ESPN filed with the Commission in June. As we explained in that filing, there could be a range of reasonable options. I would not be rigid on the adoption of the proposals we put forth in our Comments if the Commission is prepared to implement the NCTA approach on a reasonable basis.

Page 2

Finally, I join my colleagues, clients and competitors in urging a speedy deliberation on these issues. Since nearly all of the businesses involved operate on a calendar fiscal year, they need to have finished their 1995 business plans by October. Clearly, that is virtually impossible to do without a full understanding of the regulatory regime under which our industry will operate.

Thanks again for your time and consideration. Please know I am available to continue our dialogue at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick", written in a cursive style.

cc. Merrill S. Spiegel
William Caton



EX PARTE OR LATE FILED

ARTS & ENTERTAINMENT NETWORK
RECEIVED

July 29, 1994

AUG 01 1994

NICKOLAS DAVATZES
President & CEO

FCC MAIL ROOM

Honorable Reed Hundt
Chairman, Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Reed:

Thank you for once again taking the time to hear my views about the cable regulations. Your willingness to enter into dialogue is very much appreciated. I am still working on the homework assignment you gave me, and will get back to you in the next few weeks.

I would like to reiterate some of the points we discussed. In my view, the points raised in the NCTA proposal should be force ranked as follows, in order to avoid chaos in the industry and confusion for consumers.

1. Operators should be permitted to maintain à la carte tiers created prior to June 1, 1994, which include no more than 4 services migrated from regulated tiers.
2. New services should be permitted to be offered as part of a package, with a significant volume discount.
3. There should be a 25-cent flat fee for new services on regulated tiers.
4. Regarding migration, it does not serve consumers or the industry if all services of value are removed from regulated tiers, but we do support the NCTA position that four channels may be migrated to à la carte tiers.

I cannot be strong enough in my recommendation that packaging with discounting be allowed for new services. The concept of packaging is consistent with the Act, good for the consumer and essential for the viability of new services. The entire economic structure of the business is based upon the knowledge, gained from both research and experience, that consumers prefer cable offerings in packages. This does not preclude legitimate à la carte offerings. But given the choice, the reality is that an extremely high percentage of consumers will choose to select packages over individual services. Simply by making à la carte channels available in packages and giving consumers an additional service choice and a discount should not subject such packages to regulation.

You asked whether I would be willing to abandon the proposals made by A&E in the Comments that we and ESPN filed with the Commission in June. As we explained in that filing, there could be a range of reasonable options. I would not be rigid on the adoption of the proposals we put forth in our Comments if the Commission is prepared to implement the NCTA approach on a reasonable basis.

Page 2

Finally, I join my colleagues, clients and competitors in urging a speedy deliberation on these issues. Since nearly all of the businesses involved operate on a calendar fiscal year, they need to have finished their 1995 business plans by October. Clearly, that is virtually impossible to do without a full understanding of the regulatory regime under which our industry will operate.

Thanks again for your time and consideration. Please know I am available to continue our dialogue at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick", written in a cursive style.

cc. Merrill S. Spiegel
William Caton